

## **Bitpredict Whitepaper or Trading Strategy.**

We are not unique or different. We understand this space better than anyone.

### **Basic Premises of Bitpredict.**

No one can predict Crypto Market with all available knowledge and capital. It always have element of Efficient market hypothesis and Schrodinger Cat\* Paradox working for it. If you have future information. You will start changing market and start creating new reality. That is reason algorithms work for certain amount of time but stop to function after 30~90 days. As 90% of trading is done by Bots and Algorithms. No one knows how they will react to each other behaviour due to chain reaction of small trades and large trades.

Basic law of Chaos Theory is always applied to weather prediction, stock prediction or any social and psychological prediction algorithms. Lorenz principle of Chaos theory\* clear states Butterfly effect in Market. In chaos theory, the **butterfly effect** is the sensitive dependence on initial conditions in which a small change in one state of a [deterministic nonlinear system](#) can result in large differences in a later state.

That is reason for large mood swings of Audience in Crypto space cause epic failure of Market crash and Market rise. As global economy is interconnected. You notice large trades within 30 seconds but no movement for 4 days. It is due to initial condition formulas and overlapping of non-deterministic equations and exponentials effects on each other.

### **Abstract:**

What is your Birthdate? Who told you? If you start with basic data of your construct being false or lie or ill motivated. Then all other decisions would be wrong always. All leading Algorithms will follow basic unit construct information. That is reason Algorithms work good till certain market conditions but fail in long run. We have developed algorithms with simple Mathematical Rules, Risk management, Crypto Market behaviour analysis and Crowd psychology.

Formulas remain same only we need to change the values based on Market condition due to Normal and Abnormal behaviour. We don't use complex keywords like Machine Learning, Artificial Intelligence and Neural networks. They all are jargons used for impressing Capital owners but don't hold any value. Human brain can't see anything beyond 600 m. But person sitting at Aeroplane can watch people at distance of 6 Kms and have better probability of knowing two vehicles seeing each other after X time in Y location. He is not predicting. It is just level of information from common plane of two other people. Obviously element of probability like vechile damage, petrol finish, car stopped due to tire can happen. But chances of them seeing each other is more determentic due to different plane of observation.

X Car Meeting @ Speed of 100 Km/Hr

Y Car Meeting @ Speed of 60 Km/Hr

6 KM far from each other. We can predict zone of meeting  
 2.25 KM After X Car will get and 3.75 KM After Y Car. Now imagine you have to bet on chances. You will always find some random event disturbing all chain of events. Protection from those random events is part of Risk management and Quality of Product.

We have developed our Algorithms based on observing output/input nodes of transaction, price variation, multi exchange movements and weightage to all this information. Still we consider that human intervention and data analysis cant be replaced by Machines or Softwares.

We have designed system with Capital Management, Risk Management, Capital allocation, Human intervention key judgement Points and 24x7x365 Days Monitoring of space.

### **Our System Design**

We have developed system to subdivide Capital management to reduce risk and gain maximum benefits of every Exchange and Currency Pair. We have identified exchanges, currency pairs, type of trading, holding pattern, profit holding pattern, reuse capital holding for reducing risk and define features and variables.

#### **A. Auto-Trading Desk Management**

Sr. No.	Type of Trading	Currency Pair	Long Risk	Short Risk	Triggers	Intrinsic Value	Volatility	Profit
1	Margin Trading	BTCUSD, ALT-USD	Low	Very High	Fall of Market	No Impact	Very High	High
2	Margin Trading	ALT-BTC	Low	High	Fall of Market	No Impact	High	High
3	Exchange Trading	ALT-BTC	Medium	High	Rise or Fall	Medium Impact	Medium	Low
4	Perpetual Swap Trading	XBTUSD	None	Very High	Buy/Sell	No Impact	Very High	Very High
5	Future Contracts	USD17	Medium	Low	Buy Only	High Impact	High	V V High
6	Profit/Hold Strategy	BTCUSD, ALT-USD	High	Low	Research	V High Impact	Medium	High

## **B. Strategy for Auto-Software**

We believe it is not rocket science or high level of keywords game. If human brain can't solve this puzzle it is impossible for AI or software to predict prices. We have written software on avg price principle with maximum and minimum price movement consideration. We have consider following variables

We need to balance following Variables

1. BTC Holding in Exchange
2. USD/Tether Holding in Exchange
3. BTC/USD is underlying asset based on time
4. Bitfinex only Allow Tether which is USD equivalent
5. Profit in USD and BTC
6. Low Risk Algo generating Profits - 4~5% Per Month
7. Medium Risk generating Profits - 5~10% Per Month
8. High Risk generating Profits 10~25% Per Month
9. Low Risk Holding generating Profits
10. Medium Risk Holding generating Profits
11. High Risk generating Profits
12. Compounding effect of Capital
13. Cashing out Profit for Investor/Fund Managers
14. Technology development for Upgrades
15. Asset management over period of time

Basic Rules for Software

1. Software allocates capital to each position based on  
(Total Capital\*Margin Leverage)/ (2^Position Opened at any given time)
2. New position will be rewarded less funds for Trading.
3. We divide capital into more slices for allocated capital.
4. We enter in position when Coin has touched X% high/low in 24 hours.
5. We have defined rules for taking Long/Short Positions
6. Incase positions starts going in negative we deploy more capital to it. Everything is automatic.
7. It always reduce our Avg. Price to certain levels.
8. We keep -60% and +60% in our capital division and never run out of margins.
9. We have profit levels and keep on booking profits in case of positive. USD or BTC based pair.

### **C. Asset Management Software**

Underlying asset has deep impact on Margin balance and Positions, which makes Crypto space very interesting and profit making.

Eg.

10 BTC at 12000 USD to start your software.

$BTC * USD Rate * Margin Leverage = 10 BTC * 12000 USD * 3 = 360000 USD$  Margin balance.

Imagine you have 20000 EOS at base price 10 USD

You will have liquidation price at 6 USD

But if BTC becomes 8000 USD while your position is open and EOS falls same like BTC. generally they fall more than BTC during crash.

New Margin

$BTC * USD Rate * Margin Leverage = 10 BTC * 8000 USD * 3 = 240000 USD$  Margin balance.

Those 20000 EOS at base price 10 USD

You will have liquidation price at 7.7 USD

If you add EOS Loss and 15% USD minimum exchange rule. You will have liquidation crises.

We have learned few points:

***“When you keep Margin Wallet with USD. you bet against Crypto but have loss from Bitcoin price rise”***

***“When you keep Margin Wallet with BTC. you have Crypto benefit but reduce in margin significantly.”***

We have written software to manage under lining assets to convert BTC to USD and USD to BTC based on +50 and -50% bases. It saves Margin for software and give good returns.

### **D. Profit Distribution**

*Weekly profit distribution profit strategy is developed for safety of Investor and Software.*

## History and Research of Author

Development of Multi-Agent Model to simulate Ants was developed by us in 2004. Submitted in Pune University for Thesis in Computer Management. Model was simple Ants have to collect eat food and collect food for colony. Average age of ant of 170 Days and 1700 Days is colony age. It was developed in Ant time anomaly. Distance ants can travel outside their Nest was directly proportional to stomach capacity and food decay rate in stomach. When they get food location they inform other ants about location while coming back to home. Other ants follow all information as true information and go to food spot. Now moment of false information or surprise started happening for Author. As Ants collect food and inform other Ants. This information was spreading at rate of 13% per day. But 7% of information was false. Because by the time those ants reach their. There was no food at location. Or that food was taken away by other ants. This triggered Author to coin a word called relative information or timestamp information we all carry in our brains also. Eg. Your home was locked when you left at 9:00 AM. Currently you dont have information. Date of Birth is day given by our parents to us. We have only certificates and few proof in our records to confirm it. Chances of them being wrong and faulty is directly proportional to gains or losses other person can have in giving false information to you.

Why this idea is very strong applicable to Bitpredict development technology. We believe that wrong, false or any information provided to you have proportional relationship with benefits other person can have to make benefit from you. We don't use order books, volumes and many old methods of prediction in our technology. All those methods can be forged to push you for taking decision, which is beneficial to other person. Algorithms can be fooled with false information provided in market.

Eg.

<https://coinivore.com/2017/08/07/bitfinex-trader-spoofy-exploiting-cryptocurrency-exchanges-markets-wash-trading-spoofing/>

## Reference

1. [https://en.wikipedia.org/wiki/Schr%C3%B6dinger%27s\\_cat](https://en.wikipedia.org/wiki/Schr%C3%B6dinger%27s_cat)
2. [https://en.wikipedia.org/wiki/Chaos\\_theory](https://en.wikipedia.org/wiki/Chaos_theory)
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4. [https://en.wikipedia.org/wiki/Butterfly\\_effect](https://en.wikipedia.org/wiki/Butterfly_effect)
5. [https://en.wikipedia.org/wiki/Initial\\_condition](https://en.wikipedia.org/wiki/Initial_condition)
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