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What is Crypto Future Trading and How Does it Work

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Futures trading is a method of speculating on the price of assets (including [cryptocurrency](#)) without actually owning them. Like commodity or stock futures, cryptocurrency futures can make traders to bet on the future price of digital currency. And it is without saying that the bitcoin futures is the most popular cryptocurrency futures contract type at present.



How Does Crypto Futures Work?

If you watch the process of cryptocurrency futures trading on a cryptocurrency exchange platform such as bybit, you won't distinguish it from ordinary trading. This is mainly because traders do exactly the same thing in both cases - open long and short positions and implement appropriate risk management techniques.

However, futures contracts are very different from spot trading because they do not use the underlying assets and only use their price behavior. Without real assets, futures are more easier to handle. In addition, they can carry out margin trading with high leverage.



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Advantages of Futures Trading

Cryptocurrency futures have become very popular for good reasons. Here are some advantages of cryptocurrency futures that you should consider.

- Compared with the actual cryptocurrency trading, futures trading is easy even for beginners, because the actual cryptocurrency trading requires you to enter a mobile market and have a secure digital wallet. In fact, that's why cryptocurrency futures trade two to three times as much as spot.
- When cryptocurrency futures are traded with leverage, the returns are usually more substantial. At bybit, you can set the leverage to 100 times, which means that you can enter a position worth \$1000 with only \$10 as capital. However, you should know that when using leverage, the risk of loss is also greater.
- Using cryptocurrency futures to execute trading strategy is much better than trading actual cryptocurrency, especially in intraday trading. In addition, cryptocurrency futures allow you to short without any obstruction. Therefore, there is more room for you to deploy different trading strategies to maximize profits.

Risk of Futures Trading

All in all, some experts think that the basic cryptocurrency market is not mature enough for the existence of futures market. Such critics claim that the instability of bitcoin may spread to other parts of the futures market. However, the cryptocurrency futures platform has not reported any major events, because most platforms are not vulnerable to hacker attacks and do not store customers' cryptocurrency holdings like ordinary cryptocurrency exchanges. For example, futures trading on bybit is smooth and convenient.

However, there are still risks related to market fluctuations. There is no adjustment to the bad futures trading strategy adopted from the traditional market, and the leverage ratio is higher than the recommended, which is attractive for beginners.