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What is Market Depth - Beginner's Guide

Original:

<https://www.btcc.com/en-US/academy/research-analysis/what-is-market-depth-beginners-guide>

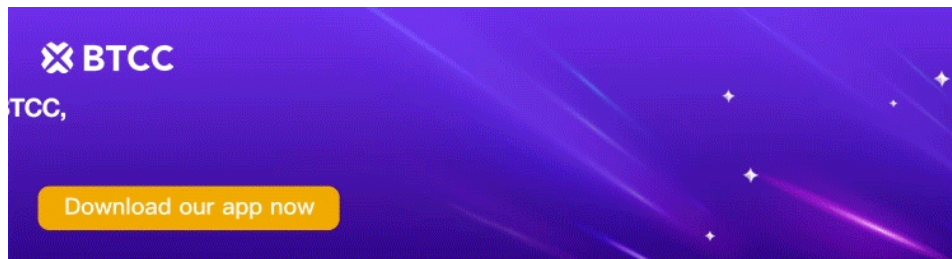
When we choose a [crypto trading platform](#), the first thing we have to consider is the security and market depth of the platform. Generally speaking, the top ranking trading platforms in the world meet these two characteristics. Both security and depth are good.

Security is easy to understand without saying much, so what is the depth of the transaction? How to measure the depth of trading? Let's explore the following.

What is Market Depth in Trading?

Market depth refers to the ability of the market to withstand large transactions without significant fluctuations in the price of a coin. Generally when talking about market depth, it refers to the depth of trading of a certain coin on a certain platform.

We need to understand market depth from two indicators: pending order volume and spread. A large number of pending orders and a small spread between adjacent pending orders indicate good market depth.



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How to Measure the Market Depth?

There are two indicators that are generally used to measure the depth of trading on a platform, one is the **spread** and the other is the volume of **pending orders**.

The spread is the price difference between two adjacent orders. The smaller the spread and the more intensive the pending order price, indicating that the actual price of buying or selling is closer to the real market price. In the long run, good depth can make their own transaction costs to a minimum, even if a trading decision error occurs, but also to be able to reverse the operation at minimal cost to recover, not to cause relatively large capital losses.

Pending order volume refers to the number of pending orders for each commission, is a reflection of the market carrying capacity, the larger the pending order volume, means that the better the depth of the transaction, the more able to meet the demand for large single transaction.

For example, if you also want to buy 100 BTC, Exchange A has exactly 100 BTC sell orders at the price of 5000, so you will end up with 5000; Exchange B has only 50 BTC sell orders at 5000, and 50 BTC sell orders at 5500, so the cost of buying 100 BTC will go up. So the amount of pending orders determines the current depth can accommodate the volume of users. If the pending orders are small, it is difficult to attract the really big investors to trade.

The spread and the volume of pending orders is a measure of the depth of trading, so it is clear that the depth of trading is crucial to the exchange, and for users, it is important to go to the exchange with better depth of trading to trade digital assets. If the depth of trading is poor, the price is easily manipulated, and a large sell order will put a big hole in the price, and a corresponding large buy order will probably pull the price up. If the depth of the transaction is good, the cost at the time of purchase will be lower and the price at the time of sale will be better.

Which Crypto Exchanges Have Better Market Depth?

Generally speaking, the market depth of general currencies of exchanges with large market volume is relatively good. On the contrary, the market depth of exchanges with poor trading volume is also poor. For example, the trading volume of three major exchanges, such as Huobi, Binance and OKEX, is among the top in the world, and they are all top digital currency exchanges.

Therefore, their market depth is relatively good. Trading on these exchanges can not only achieve rapid transactions, And they are often able to complete the transaction at a more favorable price. So, are there any exchanges that have better market depth than Huobi, Binance and OKEX? There are, of course, aggregator exchanges, such as [BTCC Exchange](#).

Order Book		
Price(USDT)	Amount (BTC)	Sum
21287.50	114.78	1009.11
21287.33	104.92	894.25
21287.18	148.09	789.41
21287.03	120.51	641.34
21285.39	154.35	520.83
21284.86	107.98	366.48
21284.79	258.89	358.89
21284.45		
21284.30	209.62	209.62
21284.03	92.34	301.86
21283.51	97.89	399.79
21283.85	115.79	515.58
21282.48	94.64	610.22
21282.07	117.56	727.78
21281.99	112.20	898.88

Market Trades		
Time	Price(USDT)	Amount (BTC)
14:40:21	21284.45	0.01
14:40:21	21284.45	0.01
14:40:21	21284.45	0.40
14:40:20	21284.68	0.93
14:40:19	21284.83	1.08

For example, the above chart is the data of BTC/USDT pending orders in the order book of BTCC exchange, whether it is a pending buy order or sell order, the price difference between two adjacent orders is relatively small, the price distribution is relatively dense, the smaller the price difference between adjacent orders is, the better the transaction price is closer to the actual price level of the market, the depth of BTC/USDT trading on BTCC exchange is still relatively good.

If the price gap between two adjacent orders is relatively large, it means that the price distribution is relatively sparse and the transaction price is relatively deviated from the actual price level of the current market.

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Why Trade Crypto Futures on BTCC

To trade crypto futures, you can choose BTCC crypto exchange. [BTCC](#) was founded in June 2011 with the goal of making crypto trading reliable and accessible to everyone.



We specialize in crypto futures contract trading, offering perpetual futures contracts. The maximum leverage offered by BTCC for daily futures contracts is 150x. The vast variety of futures offered by BTCC accommodates the trading habits and objectives of both novice and seasoned traders. We offer the USDT-margined futures and Coin-margined futures. Users can trade futures using USDT or cryptos like BTC, ETH, and XRP. And Large orders of up to 300 BTC can be executed at the top price levels.

Here are the main advantages of using the BTCC crypto exchange to trade crypto futures:

- Largest variety of futures: Daily and Perpetual futures
- Flexible leverage from 10x to 150x
- Lowest trading fees 0.03%
- Industry-leading market liquidity
- Plenty of campaigns to win exciting rewards

BTCC offers exclusive bonus for new users. Sign up and deposit on BTCC to get up to 3,500 USDT in bonuses. Meet the deposit targets within 30 days after successful registration at BTCC, and you can enjoy the bonus of the corresponding target levels.

BTCC also provides many campaigns and you can participate to win exciting rewards. **Find out what campaigns are available now:** <https://www.btcc.com/en-US/promotions>.

[Deposit and Receive Up to 3,500 USDT!](#)

[Trade on BTCC Now](#)

BTCC FAQs

1.Is BTCC safe?

Since its inception in 2011, BTCC has made it a priority to create a secure space for all of its visitors. Measures consist of things like a robust verification process, two-factor authentication, etc. It is considered one of the most secure markets to buy and sell cryptocurrencies and other digital assets.

2.Is it possible for me to invest in BTCC?

Users are encouraged to check if the exchange delivers to their area. Investors in BTCC must be able to deal in US dollars.

3.Can I Trade BTCC in the U.S?

Yes, US-based investors can begin trading on BTCC and access the thriving crypto asset secondary market to buy, sell, and trade cryptocurrencies.