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KuCoin Trading Bot Tutorial and Strategy

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Don't have time or energy to spend on trading all day? Leave it to trading bots! KuCoin offers a number of strategies and tools that you can use to generate profits easily. Read more!

Over the past months, we have covered quite a few strategies to actively participate in the market, but what if you are strapped for time? More and more platforms and exchanges are starting to offer automated trading strategies. Today we will discuss the KuCoin trading bot, and how to use it in your trading.

What Is the KuCoin Trading Bot?

As the name suggests, the KuCoin trading bot is a trading tool on KuCoin that takes trading tasks out of your hands. The tools allow you to pre-set certain conditions where the bot will execute trades, allowing you to trade while you sleep. It also takes away the factor of emotions from trading.

KuCoin says the tool can "assemble and copy repetitive tasks" which would help you to take trades in a systematic manner. Additionally, it will allow you to take trades you would have missed otherwise. Nobody sits at their desk 24/7, except the bots.

Let's see what it can do!



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KuCoin Trading Bot Strategies

KuCoin advertises a few different strategies, focussed mainly on spot trading, but futures as well. Their most popular bot is called “Classic Grid”, which allows you to define a range in which you want to do business, like in the example chart below. Selling the red box, buying the green box.

It also allows you to place a stop loss, so you are not left holding tokens once the range breaks. To me, this seems like a great tool to trade the choppy market conditions. The grid bot is fully customizable and works on both spot and futures. When using the Futures Grid, you can also apply leverage. But remember that this means you can get liquidated too!

KuCoin Smart Rebalance

If you are a long-term holder, KuCoin Smart Rebalance might be the bot for you. This robot allows you to increase the size of your holdings while keeping the division among assets in check. Let me explain using an example, where your portfolio consists of 50% BTC, 30% ETH, 10% AVAX & 10% SOL. Inevitably, these coins will fluctuate in price, resulting in the percentage balance shifting. Without any rebalancing, you might end up with 43% BTC, 26% ETH, 15% AVAX & 16% SOL. This is where the bot can come in handy. If you want to keep those ratios fixed, the bot will rebalance your portfolio whenever things get out of their intended ratio.

You can set the bot to auto-rebalance in cycles of time (for instance, every day), or whenever the ratios deviate by more than a set percentage (such as 1%). In an ideal world, the rebalancing results in a larger number of coins across the board, as it theoretically buys low, and sells high.



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How to Use KuCoin DCA Bot?

KuCoin also offers a DCA (Dollar-Cost-Average) bot. This one speaks for itself as it allows you to pre-set a time interval, as well as a notional amount for each purchase. For example, buy \$250 worth of Bitcoin every Tuesday morning at 9 am. This bot seems quite useful after the strong downtrend of a bear market turns into an accumulative period. The bot will make sure your bags are filled, while you can focus on other things.

All these trading bots mentioned above can be great tools to take some basic activities out of your hands. However, it is not possible to drop all the work in the lap of bots just yet. Especially the grid strategies require analysis in order to place the grid effectively. Also, when markets move, you will need to replace the grid.

Letting bots perform the easy tasks while you focus on refining your craft, trading more complicated systems, building something, or working a day job seems like a good move though. I think these strategies and bot-trading, in general, are very well suited to “cover” for you when you are on holiday or break from active market participation. Set some basic guidelines for the bot to execute trades and walk away comfortably, then come back and hit the ground running!

In the end, trading bots are another tool in your toolbox, not the holy grail that will make you rich overnight. Setting the tool with the right parameters to trade profitably still requires knowledge and skill. They are not a guaranteed win; it is still trading after all.

As usual, please remember this article is based on my limited experience in crypto trading and should not be considered as advice. I do not use trading bots myself. Do your reading on trading bots, and make some money!