💡 What are limit orders?

Limit order is a type of order to buy or sell an asset at a specified price or better. It allows traders to set their desired price for buying or selling, offering more control over their trades.

🛠️ Types of Limit Orders

- Buy Limit Order: You set a price below the current market price to buy. If the market reaches that price, your order is executed.

- Sell Limit Order: You set a price above the current market price to sell. When the market reaches that price, your sell order is triggered.

Why Use Limit Orders?

- Precision: You have control over the price you want to enter or exit a trade.

- Avoid Market Volatility: Protect yourself from sudden price swings by setting specific prices.

Example:

- Say Bitcoin is at $50,000, and you believe it will dip to $45,000 before rising again.

- You set a buy limit order at $45,000. If the price drops to your specified level, your order will be executed.

Tips for Using Limit Orders:

- Research and Analysis: Base your limit orders on technical analysis and market trends.

- Be Realistic: Set prices based on realistic market movements, not wishful thinking.

Pros and Cons

- Pros: Control over entry/exit, avoids emotional trading, and helps in strategic planning.

- Cons: Might not get executed if the market doesn't reach your specified price.