

How to invest in NFTs and keep earning a profit? (Best NFT Trading tips)

After the slight downfall of cryptocurrencies, many people went into NFTs. NFTs are non-fungible tokens, one type of digital asset that cannot be duplicated or owned by more than one person at a time.



According to Forbes, more than 85K NFTs were sold in May 2021, with a total trade volume of USD 5.8 million. [\[1\]](#)

You must have heard that people are buying NFTs with huge price tags (Jack Dorsey's first tweet or Beeple art) and questioning yourself if this is a joke!

Now, buying and selling NFTs can be learned in a few minutes, but earning profit from NFTs and doing that continuously will require something more.

Besides, due to the recent influx in popularity, it is not quite hard to see some phoney NFTs.

So, in this article, we will talk about the best NFT trading strategies for beginners to try. Whether you want to jump into the NFT trade with USD 100, USD 1000, or USD 10K or more, this article can be the difference between reaping profits and facing gigantic losses – so read on.

Do I need to follow the NFT trading strategies?

Although most NFT creators would say that the evolution of NFTs has only begun, we know that it is the most profitable venture of the century, especially for games and digital artists. However, there are several reasons why you should have a basic strategy for NFT trading. The first reason is that NFT is a new concept, and the market is quite volatile – so most people don't know much about it. [2]

As your primary goal is to earn a profit (continuously) from digital assets, without the right trading strategy, you will never hit the bull's eye.

So, we suggest you approach an NFT trading strategy that complements your trading capital and needs. For example, if you want to enter the NFT market with a USD 10K budget, your trading strategy and needs will differ from those of someone who has already invested USD 100K.

You may also use NFT trading tools or NFT metrics that will give you a complete overview of a particular NFT and keep you updated on the NFT market.

5 NFT metrics to look for

You need to follow the right metrics to know more about the best NFT projects and the right investment choices.

So what are they?

- ❖ **Estimated market cap:** If you want to assess the value of an NFT, you need to know how it has performed in the last 7 days – and that is why we have put this metric on top.
- ❖ **Diamond Hand Balance:** If the holders of a particular NFT are not selling their collectables, they believe in the community. The higher the number, the better it is for you to be in that NFT.
- ❖ **Number of Unique Holders:** Some makers could hold most of their NFTs to increase their market value. To ensure that the NFT has a large community, you need to check how many unique holders it has.

- ❖ **Traded Volume:** The traded volume will show you the popularity of the NFT within the public. So, an NFT's daily, weekly, and monthly trading volume can be used to assess its market demand.
- ❖ **Rarity:** The rarer an NFT is, the greater its value will become. Therefore, find the rarest features in NFT and buy them.

What are the best NFT trading strategies?

As mentioned earlier, the NFT market is quite volatile – so the strategy that works today may not work after a month or so.

But we have assembled NFT trading strategies that will direct you in the right direction.

❖ **Buy the floor**

If you are new at NFT or want to invest a minimal amount to trade slowly, you should buy NFTs at their floor price. The floor price is the lowest price of an NFT collection, which makes it a good start for beginners or small-time NFT investors.

But of course, don't just buy the cheapest NFT available, but assess its metrics first. [3] The cheapest NFTs will have fewer rarity scores and will likely be less popular among the collectors.

However, the cheapest NFT can become massively popular in a matter of weeks– you may never know.

❖ **Buy the ceiling**

Figuratively, you will just do the opposite of the last point with this NFT trading strategy.

If you are entering the NFT marketplace with higher capital, it would be wise to buy the top NFTs. These NFTs will be the rarest, so you may get double or more ROI in a few weeks.

However, there is a downside to that NFT trading strategy as well. If you buy an NFT at its highest price, you will also need to sell it at a high price. The number of NFT enthusiasts is growing daily, but not everyone can invest much in NFTs.

Besides, if the NFT project goes down suddenly, the ceiling traders will lose huge amounts of money.

❖ **Follow market trends**

The value of an NFT depends on its popularity – for example, how many people are talking about it or how much media coverage it is getting – so follow the market trends.

Catching up with the NFT trends is much easier than you can imagine. All you have to do is Google search for the latest NFT market trends, and you will get all the necessary updates.

It would be best if you also tracked the individual NFT projects. In some cases, they get major popularity from the masses but fail to stand out in a few weeks.

However, when assessing the market trends for a particular NFT project or the NFT you own, check the factors that might affect their popularity in the future.

❖ **Search for the underpriced NFTs**

Look for undervalued NFTs, even when the market demand for the other collectables is high. But don't look for price trends that fluctuate in a hurry first.

But when you follow this NFT trading strategy, remember to take the time to track the prices.

For example, you may have found an NFT priced at USD 100, while the other NFTs within the same project are priced at USD 500 or more. You might be intrigued to buy the cheapest NFT at USD 100. But maybe the price was USD 50 only during the last sale or may fall to USD 40 in the next sale – so be patient.

❖ **The fewer sellers, the better**

Find NFTs with fewer sellers – if not, the trading volume will have to go much higher to bid or buy.

If there are too many sellers, they will always try to offer better prices to undermine your NFT.

The best way to deal with this is to track the seller's attitude. Look for a sign – if all the sellers have kept the price lower than usual and all the prices are quite close, you are dealing with impatient sellers.

However, most sellers will change their prices depending on the market trend, so stay aware to get the best prices.

Conclusion

After reading the article, we hope you can become a sensible NFT trader. However, we would emphasize the need to keep learning and get involved with the communities. If you follow NFT trends regularly and communicate with different holders all over the planet, they will enrich you with their perspectives.

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