Spreads, by venue and by pair

> **THE CRYPTO SPREAD**
>
> The bid-offer gap, varying across three axes the other markets did not all combine: by venue (fragmentation), by pair (a coin's stablecoin book is usually tighter than its fiat book), and by time (the weekend and off-hours thinning of module 2). Crossing it costs the gap times the position, on both legs - and the axis with the widest variation is venue-and-pair choice, which the trader controls.

Every track prices the spread. Crypto's varies on more axes at once than any before it - and unlike them, the widest axis is a choice the trader makes when they pick where and what to trade.

The three axes

By venue: fragmentation means the same coin's spread differs across exchanges - reputable high-volume venues quote tight, thin venues quote wide, and the gap can be several-fold on the identical asset.By pair: a coin against a major stablecoin is usually the deepest, tightest book; the same coin against fiat or a minor stablecoin is wider - the denomination choice from module 2, now a cost.By time: module 2's weekend and off-hours thinning widens every spread on schedule - the same trade costs more at 3am Sunday than at the regional overlaps.

The arithmetic

Spread cost is spread times position, both legs - the platform's standing arithmetic; a 0.2% spread on a £20,000 position is £40 the round trip, before fees. What crypto adds is that the same trade has a range of spread costs depending on venue, pair and hour - so the honest budget is not a number but a chosen point on three axes, and the choice can move the cost several-fold with no change to the idea.

The controllable cost

The reading from module 2 becomes a cost decision: trade the deep venues and deep pairs in the liquid hours, and the spread is near its floor; trade a thin venue, an exotic pair, or a weekend, and it is a multiple of that. Combined with the maker-taker choice, the spread makes crypto execution unusually controllable - most of the round-trip cost is decisions the trader makes before the trade, not a fixed toll the market imposes. Module 3's remaining lessons add the cost that is not controllable and often larger than all of this: funding.

Check your understanding

1. What are the three axes a crypto spread varies on?

a. Size, leverage and direction

b. Venue (fragmentation), pair (stablecoin books tighter than fiat), and time (weekend and off-hours thinning) - and the widest axis is the trader's own venue-and-pair choice

c. Maker, taker and volume

Answer: b. More axes at once than any prior track, and the widest is a choice: where and what to trade can move the spread several-fold with no change to the idea.

2. Why is crypto execution 'unusually controllable'?

a. Exchanges negotiate fees

b. Most of the round-trip cost is pre-trade decisions - maker-taker, venue, pair, hour - rather than a fixed toll the market imposes

c. Spreads are always tight

Answer: b. The spread and the fee split are both choices. Crypto's entry costs reward the trader who picks deep venues, deep pairs and liquid hours - and punish the one who does not.