



firework

Firework Token
Crypto Volatility
Report

September 2021

fireworktoken.com

Crypto Volatility Report: September, 2021

Published by Firework Token

DISCLAIMER: The Crypto Volatility report is for information purposes only. All reasonable efforts have been made to make sure the information contained within this report are up to date and accurate. All investment strategies and investments involve risk of loss. Nothing contained in this report should be construed as investment advice. Any reference to an investment's past or potential performance is not, and should not be construed as, a recommendation or as a guarantee of any specific outcome or profit. We strongly advise before entering into any investment you should seek legal advice. We do not accept any liability or damage from any investments made according to the information obtained through this report.

Overview

It is not exactly big news that crypto currencies tend to be volatile. What is far less obvious, even to experienced observers of the crypto market, is just how volatile certain currencies can be. The day-to-day price swings only tell a fraction of the story. This report is intended to reveal the potential for volatility for the currencies with the largest market capitalizations. It shows that some currencies appear relatively stable, while others seem to be orders of magnitude more volatile when trading liquidity and price swings over time are factored into the analysis.

Methodology

We undertook a proprietary research process to determine the volatility of the 58 crypto currencies with the largest market capitalizations. At a high level, we analyzed two sets of factors for each currency. First, we assessed price swings for the currency over three time intervals: 24 hours, one month and 52 weeks. These price swings comprise a currency's superficial volatility. The second factor dealt with each currency's structural potential for volatility. Here, we looked at the currency's trading volume and currency units in circulation. A currency with a relatively small trading volume and circulation is more vulnerable to wild swings in value in response to market pressures. Currencies such as Bitcoin, which enjoy massive trading volumes and a high number of units in circulation can better absorb market pressures that affect prices. These two factors combine to form our logarithmic Crypto Currency Volatility Score. In our approach, the lower the score, the less potentially volatile the currency will be.

Findings

The analysis showed an extremely wide range of volatility levels for the most valuable currencies. At the high end of the scale, representing currencies with the lowest volatility scores, yearn.finance, Bitcoin and Ethereum came in with scores of .98, 1.09 and 1.83, respectively. These numbers on their own do not mean much, except when compared with more volatile currencies. Here, the results are pretty striking.

Top 10: Least volatile		Bottom 10: Most volatile	
Currency	Volatility Score	Currency	Volatility Score
yearn.finance	0.98	Algorand	6.87
Bitcoin	1.09	Ravencoin	6.88
Ethereum	1.83	USD Coin	6.99

Bitcoin Cash	2.17		BitTorrent	7.03
Litecoin	2.94		NEXO	7.13
Compound	3.11		Zilliqa	7.98
Dash	3.39		LEO Token	8.18
Kusama	3.51		TrueUSD	8.25
Ethereum Classic	3.55		cUSDC	9.30
Monero	3.70		cDAI	10.19
Average	2.63		Average	7.88

In contrast to the stable Bitcoin, with its score of 1.09, Ethereum, with a score of 1.83, appears to have nearly twice the potential volatility. Ethereum, Classic appears to have three and a half times the potential volatility of Bitcoin. This may seem counterintuitive, as Bitcoin is subject to wide price swings on a regular basis. However, Bitcoin's structure and characteristics in the market make these price swings far milder than might be possible with a currency that had less liquidity and volume.

The bottom of the score list is even more striking. While some of the scores here may be statistical outliers resulting from recent trading anomalies, they do suggest a far higher level of volatility than is occurring at the top of the list. TrueUSD, for example, with a volatility score of 8.25, appears to have the potential to be eight times more volatile than Bitcoin.

Implications and Recommendations

Crypto currency investors would be wise to consider volatility as a factor in their purchasing decisions. In our view, it is not enough to look at price variations in the last month or year to make a well-informed decision. Rather, by considering a currency's potential for volatility, an investor can protect him or herself from experiencing a massive, unexpected loss in value. At the same time, of course, volatility can reward the investor with a huge price surge. However, this is impossible to predict, and the risk of a fast downturn should be factored into the value analysis.

Complete list of Crypto Volatility Scores for the 58 crypto currencies with the highest market capitalizations

	Rank	Currency	Crypto Volatility Score
	1	yearn.finance	0.98
	2	Bitcoin	1.09
	3	Ethereum	1.83

4	Bitcoin Cash	2.17
5	Litecoin	2.94
6	Compound	3.11
7	Dash	3.39
8	Kusama	3.51
9	Ethereum Classic	3.55
10	Monero	3.70
11	Zcash	3.71
12	NEO	3.82
13	Bitcoin SV	3.88
14	Bitcoin Gold	3.89
15	Binance Coin	3.97
16	Chainlink	3.99
17	Terra	4.01
18	Qtum	4.03
19	IOTA	4.09
20	Waves	4.23
21	Polkadot	4.25
22	Cosmos	4.31
23	Quant	4.32
24	Horizen	4.32
25	Synthetic Network Token	4.47
26	EOS	4.65
27	Stacks	4.94
28	cETH	4.95
29	Cardano	5.12
30	XRP	5.27

31	Decred	5.40
32	Bancor Network Token	5.46
33	Tezos	5.53
34	THORChain	5.57
35	Huobi Token	5.66
36	Tether	5.70
37	TRON	5.84
38	VeChain	6.00
39	Hedera Hashgraph	6.13
40	Stellar	6.17
41	Dogecoin	6.18
42	Enjin Coin	6.43
43	Dai	6.44
44	Decentraland	6.45
45	Holo	6.45
46	NEM	6.60
47	Theta Network	6.71
48	Basic Attention Token	6.72
49	Algorand	6.87
50	Ravencoin	6.88
51	USD Coin	6.99
52	BitTorrent	7.03
53	NEXO	7.13
54	Zilliqa	7.98
55	LEO Token	8.18
56	TrueUSD	8.25
57	cUSDC	9.30

