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**Firework Token**  
**Crypto Volatility**  
**Report**

**December 2021**

[fireworktoken.com](https://fireworktoken.com)

## Crypto Volatility Report: December, 2021

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### Overview

This is our second Crypto Volatility Report. The previous edition came out in October of this year, covering crypto currencies volatility from the month of September. Now, three months later, we are once again trying to go beyond the day-to-day price swings to examine the real potential for volatility based on factors such as trading liquidity and price swings over the past 12 months.

This month's report highlights how the major currencies, such as Bitcoin and Ethereum, have the lowest volatilities, despite superficial events such as Bitcoin's drop from \$63,665 to \$48,845 over the last 30 days. When the fundamentals and trading liquidity are factored into the analysis, Bitcoin remains the least volatile of all cryptocurrencies, in our assessment.

### Methodology

We undertook a proprietary research process to determine the volatility of the 81 crypto currencies with the largest market capitalizations as of December 8, 2021. 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 again showed a wide range of volatility levels for the most valuable currencies. At the high end of the scale, representing currencies with the lowest perceived volatility scores, Bitcoin, Bitcoin Wrapped and Ethereum emerged as the three least volatile, with scores of 1.36, 1.5 and 2.46, respectively.

Top 10: Least volatile		Bottom 10: Most volatile	
Currency	Volatility Score	Currency	Volatility Score
Bitcoin	1.36	TRON	7.19
Wrapped Bitcoin	1.50	TerraUSD	7.33

Ethereum	2.46	Holo	7.39
Zcash	2.84	Amp	7.43
Dash	3.25	BitTorrent	7.48
Bitcoin Cash	3.26	NEM	7.53
Compound	3.29	TrueUSD	7.98
Aave	3.35	LEO Token	8.43
Maker	3.35	cUSDC	9.43
Solana	3.39	cDAI	10.02
Average	2.80		8.02

Again, as occurred in September, Ethereum has a score that's nearly double that of Bitcoin, even though Ethereum is still quite low in perceived volatility compared to the other currencies measured in this study. One interesting contrast between December and September is the clustering of volatility scores in the currencies ranked 6<sup>th</sup> to 10<sup>th</sup>. As of December 8, Dash, Bitcoin Cash, Compound, Aave, Maker and Solana all had scores of between 3.25 and 3.39. In the September report, the top 10 least volatile currencies had a more even distribution of scores. This suggests that the overall crypto market is becoming less volatile, or at least more predictable in terms of volatility, for the top 10 least volatile currencies.

The bottom of the score list shows a comparable clustering, with the 71<sup>st</sup> to 77<sup>th</sup> most potentially volatile currencies all having scores of between 7.19 and 7.98. The September report had a similar clustering, as shown in the figure below. However, with the exception of the three most potentially volatile currencies, all currencies on this month's chart are different. In September, and again in December, LEO Token, cUSDC and cDAI were among the most potentially volatile currencies.

### 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 81 crypto currencies with the highest market capitalizations as of December 8, 2021

	Currency	Crypto Volatility Score
1	Bitcoin	1.36
2	Wrapped Bitcoin	1.50

3	Ethereum	2.46
4	Zcash	2.84
5	Dash	3.25
6	Bitcoin Cash	3.26
7	Compound	3.29
8	Aave	3.35
9	Maker	3.35
10	Solana	3.39
11	Quant	3.41
12	Terra	3.43
13	Litecoin	3.64
14	Bitcoin SV	3.68
15	Tezos	3.69
16	Binance Coin	3.69
17	Kusama	3.70
18	Chainlink	3.79
19	Avalanche	3.87
20	EOS	4.11
21	Cosmos	4.18
22	Ethereum Classic	4.30
23	Filecoin	4.34
24	OKB	4.41
25	Decentraland	4.45
26	Loopring	4.47
27	Waves	4.49
28	Polkadot	4.52
29	Monero	4.53
30	FTX Token	4.55
31	Near	4.61
32	NEO	4.63
33	Arweave	4.64
34	Helium	4.69
35	PancakeSwap	4.82
36	Huobi Token	4.84
37	Axie Infinity	4.89
38	Enjin Coin	4.89
39	Basic Attention Token	4.92
40	Internet Computer	4.94
41	THORChain	5.18
42	Decred	5.18
43	Fantom	5.19
44	Flow	5.20
45	Theta Network	5.22
46	Celo	5.42

47	Polygon	5.52
48	Cardano	5.62
49	Algorand	5.67
50	Curve DAO Token	5.69
51	NEXO	5.72
52	Chiliz	5.79
53	XRP	5.80
54	KuCoin Token	5.80
55	Stacks	5.89
56	cETH	6.02
57	Tether	6.05
58	Crypto.com Coin	6.07
59	IOTA	6.25
60	Celsius Network	6.29
61	Uniswap	6.42
62	Harmony	6.46
63	VeChain	6.56
64	USD Coin	6.59
65	The Graph	6.59
66	Dai	6.62
67	Hedera	6.77
68	Dogecoin	6.80
69	Klaytn	6.86
70	Aave [OLD]	6.94
71	Stellar	6.95
72	TRON	7.19
73	TerraUSD	7.33
74	Holo	7.39
75	Amp	7.43
76	BitTorrent	7.48
77	NEM	7.53
78	TrueUSD	7.98
79	LEO Token	8.43
80	cUSDC	9.43
81	cDAI	10.02