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Firework Token
Crypto Volatility
Report

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Crypto Volatility Report: February, 2022

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Overview

This is our third Crypto Volatility Report. The previous edition came out in December of last year. This report looks at the potential trading volatility for the top 100 cryptocurrencies, by market capitalization, as of February 7, 2022. This report, like its predecessors, tries 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, have the lowest volatilities, despite superficial events such as Bitcoin's price rise from \$36,550 on February 3 to \$43,398 on February 6—a nearly 19% jump in just three days. When the fundamentals and trading liquidity are factored into the analysis, Bitcoin still remains the least volatile of all cryptocurrencies, in our assessment.

Methodology

We undertook a proprietary research process to determine the potential volatility of the 100 cryptocurrencies with the largest market capitalizations as of February 7, 2022. 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 significant 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

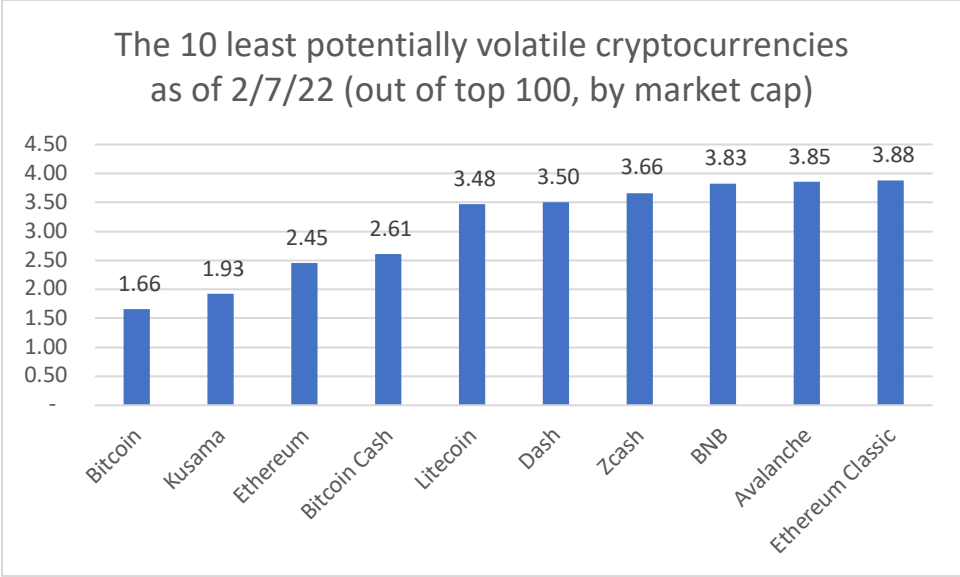
The analysis again showed a wide range of volatility levels for the most valuable currencies. At the high end of the scale, representing currencies with the lowest perceived volatility, Bitcoin, Kusuma and

Ethereum emerged as the three least volatile, with scores of 1.66, 1.93 and 2.45, respectively. Bitcoin and Ethereum were also in the top 3 least volatile cryptocurrencies in the December report.

Top 10: Least potentially volatile			Bottom 10: Most potentially volatile	
Currency	Volatility Score: 2/7/22	Volatility Score: 12/9/21	Currency	Volatility Score: 2/7/22
Bitcoin	1.66	1.36	Symbol	8.00
Kusama	1.93	3.70	Theta Fuel	8.02
Ethereum	2.45	2.46	MobileCoin	8.18
Bitcoin Cash	2.61	3.26	Siacoin	8.19
Litecoin	3.48	3.64	Nervos Network	8.22
Dash	3.50	3.25	Divi	8.41
Zcash	3.66	2.84	Everscale	8.47
Binance Coin	3.83	3.69	Ravencoin	8.73
Avalanche	3.85	3.87	eCash	10.54
Ethereum Classic	3.88	4.30	Counos X	12.17
Average	3.08	2.80		8.89

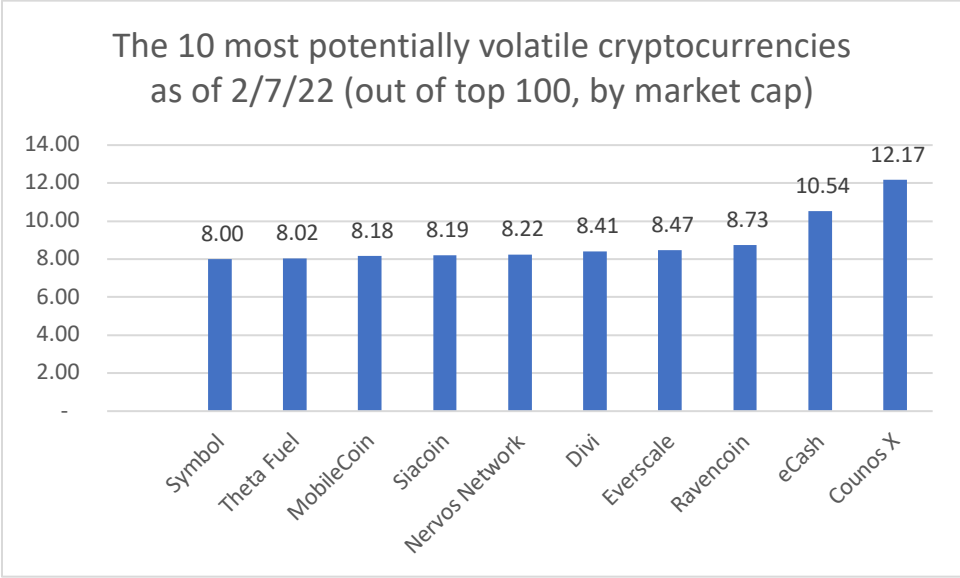
Overall, the market seems to be getting more volatile. The average volatility score of the 10 least volatile cryptocurrencies was 2.80 in December. Now, it's 3.08. Bitcoin, the least potentially volatile cryptocurrency, went from a score of 1.36 in December to 1.66 in February. The global concerns about war in Ukraine and disruptions to the economy may have affected cryptocurrency trading and driven higher rates of volatility. Some currencies, however, became less volatile. Ethereum Classic dropped from 4.30 to 3.88. Kusama fell from 3.70 to 1.93.

The bottom of the score chart saw a similar rise in volatility. The lowest 10 cryptocurrencies had scores of between 7.19 and 10.02 in December. Now, they are between 8.00 and 12.17. The average of the bottom 10 rose from 8.02 in December to 8.89 in this period.



The 10 least potentially volatile cryptocurrencies, shown in the figure above, split into two distinct clusters. Bitcoin, Kusama, Ethereum and Bitcoin Cash have scores lower than 3. These are apparently the least potentially volatile cryptocurrencies as of February 7. The other six have scores between 3.4 and 3.90.

The bottom of the score list shows a comparable clustering, with the 90th to 98th most potentially volatile currencies having scores of between 8.00 and 8.73.



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 100 crypto currencies with the highest market capitalizations as of February 7, 2022

Currency	Volatility Score
Bitcoin	1.66
Kusama	1.93
Ethereum	2.45
Bitcoin Cash	2.61
Litecoin	3.48
Dash	3.50
Zcash	3.66
BNB	3.83
Avalanche	3.85
Ethereum Classic	3.88
Chia	4.03
Bitcoin SV	4.09
Elrond	4.25
Terra	4.25
Cosmos	4.29
Arweave	4.30
Polkadot	4.38
Harmony	4.40
Horizen	4.44
Helium	4.56
Solana	4.63
Monero	4.64
Flow	4.70
Bitcoin Gold	4.71
Filecoin	4.78
Serum	4.81
NEAR Protocol	4.89
Tezos	4.90
Neo	4.94
EOS	4.98
Qtum	5.05

Fantom	5.06
Waves	5.08
Moonbeam	5.08
Osmosis	5.11
Decentralized Social	5.15
LINK	5.23
Nano	5.25
Internet Computer	5.33
Secret	5.36
Polygon	5.58
Flux	5.61
Decred	5.62
Mina	5.65
Energy Web Token	5.67
Theta Network	5.70
XRP	5.85
COTI	5.87
Hathor	6.03
Celo	6.05
Hive	6.10
Syscoin	6.14
Kadena	6.14
Boba Network	6.36
Telos	6.37
Algorand	6.40
Stacks	6.42
ICON	6.45
Stellar	6.45
Klaytn	6.47
WAX	6.54
Bitcoin Diamand	6.57
TRON	6.68
DeFiChain	6.71
Toncoin	6.72
Ontology	6.75
Lisk	6.82
IOTA	6.85
Ardor	6.85
Cardano	6.88

Pirate Chain	6.93
Casper	6.95
Oasis Network	7.10
VeChain	7.15
WhiteCoin	7.17
Dogecoin	7.17
Sapphire	7.18
Zilliqa	7.20
DigiByte	7.24
Hedera	7.25
IoTeX	7.28
Reef	7.36
MediBloc	7.41
Constellation	7.56
IOST	7.57
NEM	7.77
TerraUSD	7.81
XDC Network	7.84
Velas	7.93
Verge	7.97
Symbol	8.00
Theta Fuel	8.02
MobileCoin	8.18
Siacoin	8.19
Nervos Network	8.22
Divi	8.41
Everscale	8.47
Ravencoin	8.73
eCash	10.54
Counos X	12.17