

AN ANALYSIS OF BITCOIN PRICE MOVEMENT BETWEEN FUTURE AND SPOT MARKETS

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Abstract:

A crypto currency is an digital plus designed to figure of an medium of exchange that uses cryptography to secure its transactions, to regulate the creation of further units, and to verify a transfer of assets. Crypto currencies are a kind of digital currency, various currency and virtual currency. Crypto currencies use redistributed management as opposition centralized electronic cash and financial institution systems. The redistributed management of every crypto currency works through a block chain that may be a public group action information, functioning as a distributed ledger.

Introduction:

We board a digital era wherever the new generation prefers to trust the “abstract,” question ancient norms and realize a much better manner forward through technology. Bitcoin brings a multifunctional monetary utility to the globe by making AN open financial set-up and permitting U.S. to store and interact price in ways in which we have a tendency to ne'er thought thinkable before. According to Jan Lansky, crypto-currency system fits the following six criteria:. System does not requires a centralised authority; instead, it relies widespread to maintain its state. This system maintains a list of crypto currency units and it's possession. If a new crypto currency unit is formed, the system specifies the circumstances of its creation as well the method for determining ownership of those new units.

Statement of Problem:

It has high dealings fees, which might be even higher risk and it's giant worth volatility creating it too unpredictable to be used as a currency (that most of the people within the trade don't assume that Bitcoin is/can be a every day currency).

Many monkeys area unit picked informed the branch. Bitcoin network is functioning at ninetieth load. once a bigger crowd tries to shop for or sell, the network slows down. The one World Health Organization desires to overtake - pays additional and so complains.

Crypto is incredibly advanced technology and organization - tough to grasp. it's still at the start of its development - tough for many individuals. Human habits area unit the foremost tough to vary. There is no inherent capability for any social/human responsibility that comes with reputational systems.

What is Bitcoin's long-term value movement?

What area unit the monetary returns of bitcoin?

Objectives:

- To study the worth behaviour performance growth of cryptocurrency victimization CAGR (Compound annual growth rate)
- Analysis is a monetary come performance.
- To investigate long-term and spent-value monetary behaviour.

SCOPE OF STUDY:

The first digital currency was Bitcoin strip-mined by many folks in numerous locations round the world. it had been Satoshi Nakamoto, Bitcoin's onymous creator, WHO designed its suburbanised system that anyone might participate in, however nobody might own. though it had been hospitable all, ironically, Bitcoin transactions were imagined to be anonymous. once Bitcoin came into being in 2009, the promise was to be the universal electronic currency that passed round the world in minutes. However, Bitcoin has qualities that build it not solely a coin however additionally a store valuable and a network of payments.

OVERVIEW:

Bitcoin is type of crypto-currency in which no one can issue or control it. It's used to safely store quantity of money over world. It's to buy a goods-services, stores a wealth, and sented a money to anyone and approval a third party. When properly kept, Bitcoins, called "Digital Gold," cannot be hacked, stolen, or confiscated by a government.

REVIEW OF LITERATURE:

TroyschMursch (2018) A user visiting an online website will transfer a JavaScript code that executes clientside in her browser, mines a crypto currency – sometimes whereas not her consent or info – and pays out the fee to the net website. Websites may consciously use this as associate alternate or to supplement advertising revenue, may offer premium content in exchange for mining, or is additionally unwittingly serving the code as a results of a breach.

Vikas (2017) The systematic research article examines crypto currencies (CCs) and Bitcoin. Crypto currency analysis has not gained a great deal of attention from information Systems (IS) researchers and wishes a a great deal of vivid discussion. Although, crypto currency analysis has not reached is assumed but, there's immense potential for various analysis move.

Katsiampa (2017) uses a comparison of GARCH models to assess Bitcoin volatility and discovers that the AR-CGARCH model provides the best fit. He emphasises the importance of the market is quite speculative. Bouoiyour and Selmi (2016) use an algorithm to analyse daily Bitcoin prices. When comparing pre- and post-election volatility, the optimal-GARCH model shows a downward tendency. data from after 2015. Despite this, they find major imbalances in the Bitcoin market. where negative shocks drive prices more than positive shocks

El Bahrawy and Alessandretti (2017) investigate the behaviour of the entire 1469 market. They vanish on a regular basis, while their market capitalization grows tremendously. For years, certain statistical features of the market have remained steady.

DATA ANALYSIS:

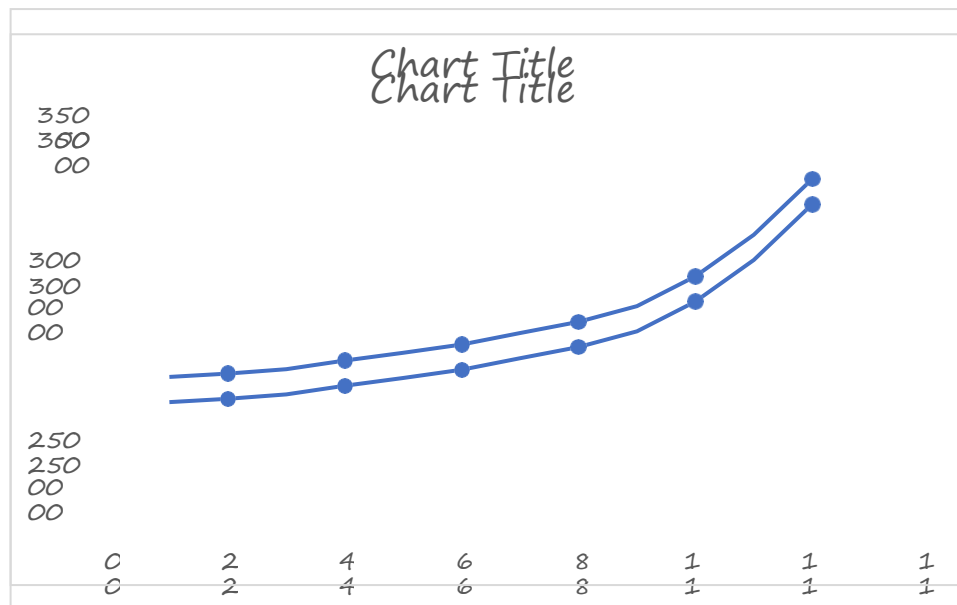
Mean average= $n = \text{sum of term} / \text{number of terms}$

Table showing price behaviour of bitcoin in 2020 Mean average

Date	Open	High	Low	Close	Volume	Mean average
1\01\2020	7194.89209	9553.125977	6914.996094	9350.529297	852872174496	12320.56
1\02\2020	9346.357422	10457.62695	8492.932617	8599.508789	1163376492768	12590.57
1\03\2020	8599.758789	9167.695313	4106.980957	6438.644531	1290442059648	12989.67
1\04\2020	6437.319336	9440.650391	6202.373535	8658.553711	1123613741264	13717.56
1\05\2020	8672.782227	9996.743164	8374.323242	9461.058594	1286368141507	14349.94
1\06\2020	9463.605469	10199.56543	8975.525391	9137.993164	650913318680	15048.35
1\07\2020	9145.985352	11415.86426	8977.015625	11323.4668	545813339109	16033.41
1\08\2020	11322.57031	12359.05664	11012.41504	11680.82031	708377092130	16975.4
1\09\2020	11679.31641	12067.08106	9916.493164	10787.61816	893852011704	18299.04
1\10\2020	10785.01074	14028.21387	10440.31152	13780.99512	747991403008	20802.85
1\11\2020	13780.99512	19749.26367	13243.16016	19625.83594	1093144913227	24313.78

1\12\2020	19633.76953	29244.87695	17619.5332	29001.7207	1212259707946	29001.72
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Chart showing the price behavior of the bitcoin in 2020



Source: Secondary data Interpretation:

Thus, the above table shows the mean average price for bitcoin during the period of 2020. In the particular year the bitcoin price will be peak at the end of the year.

Findings

Based on above trends, the bitcoin price behaviour are very high in the past 5 years. Even though there may be some fluctuation in the middle of the year but at the end of the year it reaches the good returns. So, the end of the year is the best time to invest in the bitcoin.

As comparing the past and present data of the bitcoin from secondary data. Price behaviour of the bitcoin is best at the present times. Even, its new to India it has a better reach up in the past 5 years. The returns are considered as dollars \$.

In 2015 the price behaviour of the bitcoin was similar to the normal. It has low returns, low openings, low closing, normal volume because this was entirely new to India. Even though it has a good return at the end of the year.

SUGGESTION:

- Based on the above analysis cryptocurrency is good choice to invest as it gives a reasonable rate of profit for the investors.
- Bitcoin gives good amount of profit for the investors. Based on the historical data future can be predicted approximately as profitable invest for the investors.
- Even the past data of the bitcoin may give low returns. But, price behavior of the bitcoin will be peak in the upcoming years and as compare to data it will be high profitability to invest in bitcoin.

CONCLUSION:

Based on above trends, the bitcoin price behaviour are very high in the past 5 years. Even though there may be some fluctuation in a middle of the year but at the end of the year it reaches the good returns. At end of an year is the best time to invested bitcoin . As a comparison with the past present data of the bitcoin from secondary data. Price behaviour of the bitcoin is best at the present times. Even, its new to India it has a better reach up in the past 5 years.

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