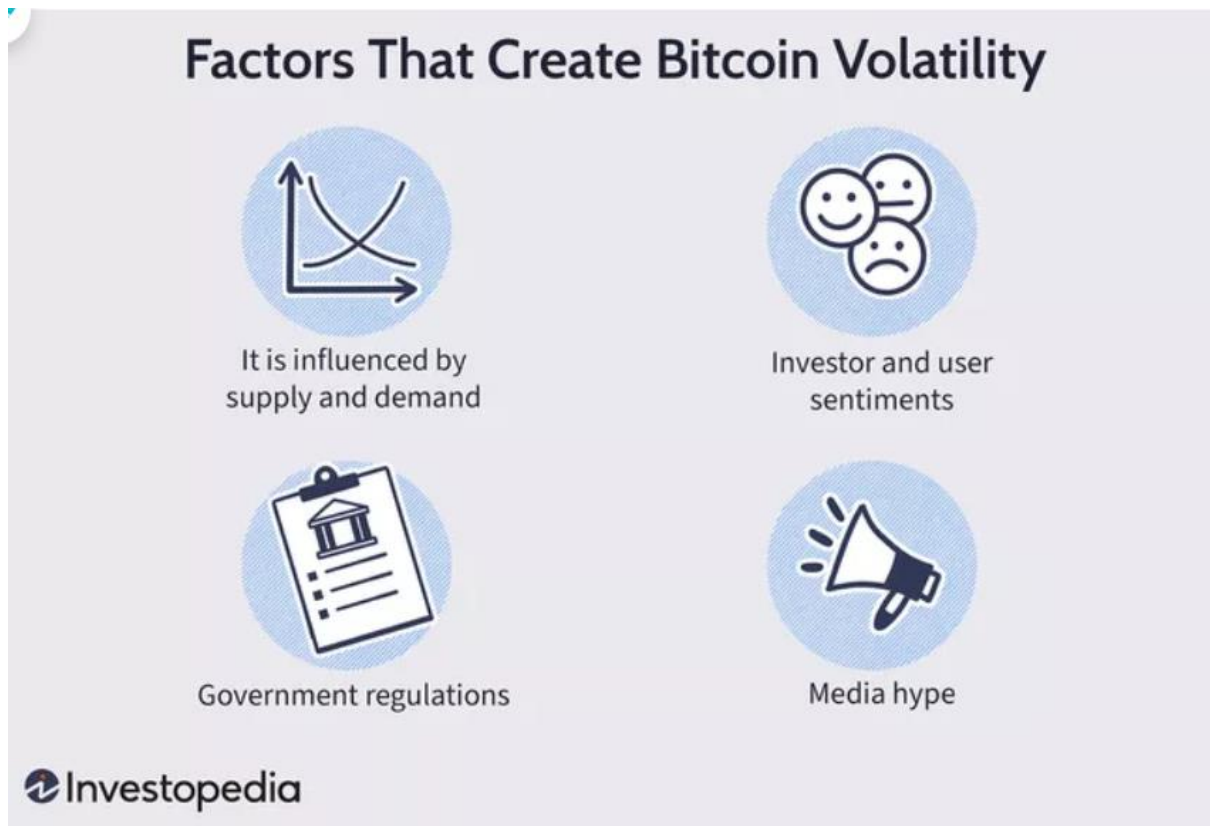


Why Crypto price fluctuates?



Reasons for price fluctuation includes reasons such as media coverage, speculation, and availability.

Supply and Demand - [Supply and demand](#) influence the prices of most commodities more than any other factor. Bitcoin's market value is primarily affected by how many coins are in circulation and how much people are willing to pay

By design, the cryptocurrency is limited to 21 million coins—the closer the circulating supply gets to this limit, the higher prices are likely to climb.

Investor and User Sentiments - As the most popular cryptocurrency, Bitcoin demand increases because supply is becoming more limited. Long-term, wealthier investors hold their Bitcoins, preventing those with fewer assets from gaining exposure.

Bitcoin volatility is also driven, to an extent, by these investors. It is unclear how investors with BTC holdings in the tens of millions or more would [liquidate](#) their significant positions into fiat currency without affecting Bitcoin's market price.

Government Regulation - Government agency views of cryptocurrency can also affect Bitcoin's price.

Eg: **China's government and central bank announced in 2021** that all cryptocurrency transactions or facilitation were illegal. Bitcoin mining was cracked down upon following a meeting of the State Council Financial Stability and Development Committee in May, which resulted in a massive shutdown of cryptocurrency mining farms in the country

Eg: **Demonetisation in India** may not have impacted directly, but it definitely triggered interest in all things cashless, including bitcoins, a form of digital currency, created and held electronically.

Media Hype – Media often present information and predictions from "experts" that are not always verified by evidence other than opinions. They hype newly invented cryptocurrencies to try and take away market share from Bitcoin. They influence Bitcoin's price to benefit the people who hold large numbers of coins.

E.g.: When Donald Trump won the presidential election in November, the price of bitcoin jumped. The [bitcoin price](#) rose slightly following Trump's comments as bitcoin traders and investors bet that Trump's acknowledgment of bitcoin will bring greater awareness of crypto and [could push prices up](#).

E.g.: U.S. law enforcement officials said they were able to recover \$2.3 million in bitcoin paid in the Colonial Pipeline ransom.

E.g.: When Elon Musk publicly endorsed a currency, it resulted in a considerable price spike. When he Tweeted that Tesla would accept Dogecoin as payment for merchandise, the price of DOGE increased by 33%.

Fiat	Crypto Currency
Fiat money is legal tender whose value is tied to a government-issued currency, like the U.S. dollar	Cryptocurrency is a digital asset that derives its value from its native blockchain.
The issuance and governance of fiat currency are dictated by central banks	Blockchain protocols, code, and communities govern cryptocurrency (basically decentralized)
The distribution of fiat requires intermediaries.	Cryptocurrency relies on distributed and decentralized networks to enable “trustless” transactions.
