

Why do crypto market prices fluctuate?

A 20% price increase or decrease in one day can happen. But why is it like that ? Everyone has probably asked themselves this question before

In contrast to fiat currencies (EUR / US Dollar), the Bitcoin value is not determined by one authority alone, such as the central bank, but is determined by supply and demand.

That means:

If the demand increases - i.e. more people want to buy Bitcoin, the price increases. If the demand falls = fewer people want to buy Bitcoin, the price falls.

Here people determine how much they are willing to pay for a bitcoin and thus also determine the value!

Other factors that can trigger price fluctuations:

- Bad and good news can trigger increased or decreased demand.
- Transactions by so-called “whales” (major investors) can have a strong impact on the price
- Security gaps that become known, e.g. hacker attacks, can have a negative impact on the courses

As the usage of the world population increases, it is believed that the price volatility will also decrease.