

Investment Report 0003

Investments in Cryptocurrencies

#Investment

#Crypto

- **This is not financial advice!**
-

Basics: Cryptocurrencies

- Cryptocurrencies (Crypto for short) are digital assets designed to work as a medium of exchange that use cryptography for security. Unlike traditional currencies, they are not issued or controlled by any central authority, but rather operate on decentralized networks called blockchains.
- Breaking down Crypto Trading Basics:
 - **Trading Methods:**
 1. Buying and Holding: This involves purchasing cryptocurrencies with the intention of holding them for the long term, hoping their value will increase. This is similar to buying stocks and holding them for long-term appreciation.
 2. Day Trading*: This involves buying and selling cryptocurrencies more frequently, aiming to profit from short-term movements. This requires more active participation and analysis.
 - **Trading Platforms:**
 1. Crypto exchanges: These are online platforms where you can buy and sell crypto directly using fiat currencies (like USD) or other cryptocurrencies. Examples include Coinbase, Binance and Kraken.
 2. Peer-to-peer (P2P): These platforms connect buyers and sellers directly, allowing them to trade crypto without an intermediary. Examples include LocalBitcoins and Paxful.
 3. CFD trading: This involves speculating on price movements of cryptocurrencies without actually owning them. This can be done through brokerage platforms like IG or Saxo Capital.

- **Key concepts:**

1. Wallet: This is where you store your cryptocurrencies. There are different types of wallets, including hot wallets (connected to the internet) and cold wallets (offline storage).
2. Order types: When trading, you can place different types of orders, such as market orders (executed at the current market price) or limit orders (executed at a specific price or better).
3. Fees: Most platforms charge fees for trading and other services. It's important to understand these fees before trading.
4. Volatility: The cryptocurrency market is known for its high volatility, meaning prices can fluctuate significantly in a short period.

Investing in Bitcoin (Long-term "Buy and Hold")

#Long-term

#BTCUSD

- [Bitcoin](#) is the first decentralized cryptocurrency which serves as "an innovative payment network and a new kind of money".
- Benefits:
 - **Potential for high returns**: Bitcoin has a history of significant price appreciation over the long term.
 - **Reduced volatility**: Long-term holding averages out short-term price fluctuations.
 - **Diversification**: Adding Bitcoin to your portfolio can diversify your assets and potentially reduce overall risk.
 - **Inflation hedge**: Some believe Bitcoin can act as a hedge against inflation due to its limited supply.
 - **Less time commitment**: Requires less active management compared to short-term trading.
- Risks:
 - **Also high volatility**: Bitcoin's price can experience large swings, even over long terms.
 - **Regulatory uncertainty**: Regulations surrounding cryptocurrency are still evolving, potentially impacting its value.
 - **Security**: Hackers can target crypto exchanges and wallets, putting your holdings at risk.
 - **Illiquidity**: It can be difficult to quickly sell your Bitcoin in certain situations due to lower liquidity compared to traditional assets.

- **Limited adoption:** Widespread adoption of Bitcoin as a currency is still uncertain, affecting its future value.

Trends

- [Bitcoin Price Predictions 2024-2028*](#)

Year	Minimum (\$)	Average (\$)	Maximum (\$)
2024	58,828.51	60,990.40	71,373.32
2025	83,023.53	86,073.05	104,164.06
2026	123,227.79	127,531.44	145,360.74
2027	170,141.77	249,089.04	213,504.58
2028	242,028.31	351,495.22	291,144.07

- [What influences Bitcoin's price?](#)
 - The world's premier cryptocurrency, Bitcoin, has recently taken substantial hit, dipping below the \$25.5K threshold and reaching its lowest value in three months. This downward trend follows a lawsuit initiated by the U.S. Securities and Exchange Commission (SEC) against Binance, a leading crypto exchange, and its founder and CEO, Changpeng Zhao (CZ).
 - The news of this legal dispute sparked a swift wave of Bitcoin selling, causing a ripple effect across the majority of other cryptocurrencies. The market strain has escalated as the SEC has expanded its legal pursuits to encompass Coinbase, another key contender in the cryptocurrency exchange market.
 - Crypto experts posit that if Bitcoin can hold its resistance level at \$26,000, we might see a bounce back in the coming months. However, if this level is breached, Bitcoin could potentially tumble to its lowest ever value of \$20,000.
 - Yet, the experts also caution that the current rise in interest rates and a more stringent monetary policy might hinder Bitcoin from making a significant recovery in the near term.

Investing in Bitcoin (Short-term "CFD Trading")

- Benefits:
 - **Potential for quick profits:** Capitalize on short-term price movements.
 - **Potentially higher returns:** Skilled traders can achieve higher returns than long-term holding.
 - **More control:** Trader can actively manage their positions based on market conditions.
 - Risks:
 - **High risk of losses:** Short-term price movements are unpredictable, leading to potential losses.
 - **Requires significant time and effort:** Constant monitoring and analysis are necessary.
 - **Emotional trading:** Short-term fluctuations can lead to impulsive decisions.
 - **Trading fees:** Frequent buying and selling incur transaction fees, reducing profits.
-

Factor that affect the performance of Bitcoin

- Several factors can affect the performance of the BTCUSD pair, including:
 - **Market sentiment:** This refers to the overall attitude of investors towards Bitcoin and the crypto market in general. Positive sentiment can lead to increased demand for Bitcoin, pushing the price up, while negative sentiment can lead to selling and a decrease in price.
 - **Supply and demand:** Like any asset, the price of Bitcoin is determined by the balance of supply and demand. The supply of Bitcoin is capped at 21 million, but new coins are still being created through mining. The demand for Bitcoin comes from a variety of sources, including investors, speculators and businesses. Changes in either supply or demand can affect the price.
 - **Regulation:** Governments around the world are still developing regulations for crypto, and this uncertainty can create volatility in the market. If a major government cracks down on Bitcoin, it could lead to a significant price drop. Conversely, if regulations are seen as favorable to Bitcoin, it could boost the price.
 - **News and events:** Major news events, such as hacks of crypto exchanges or government pronouncements on Bitcoin can also affect the price. These events can trigger sudden buying or selling, leading to price swings.

- Technical factors: Technical analysts use charts and indicators to predict future price movements. While not always accurate, technical analysis can influence some traders' decisions, which can in turn affect the price.
 - Overall economic conditions: The performance of Bitcoin can also be affected by broader economic conditions. For example, if the global economy is doing well, investors may be more willing to take risks on assets like Bitcoin. Conversely, if there is a recession, investors may be more likely to sell risky assets like Bitcoin.
-

- [Top 10 Cryptocurrencies](#)

Note

* "Bitcoin, the no 1. cryptocurrency, with a market cap of over \$1 Trillion."

* "Bitcoin's price has skyrocketed as it's become a household name. In May 2016, you could buy one Bitcoin for about \$500. As of Feb. 20, 2024, a single Bitcoin's price was around \$52,283. That's a growth of 10,357%."

- [How to buy Bitcoin?](#)
 - [Where to buy Bitcoin?](#)
 - [Coinbase](#)
 - [Review](#)
 - [Kraken](#)
 - [Review](#)
 - [Gemini](#)
 - [Review](#)

Other options in crypto

1. [Tether \(USDT\)](#) for long-term

- Unlike some other forms of cryptocurrency, Tether is a stablecoin, meaning it's backed by fiat currencies like U.S. dollars and the Euro and hypothetically keeps a value equal to one of those denominations. In theory, this means Tether's value is supposed to be more consistent than other cryptos, and it's favored by investors who are wary of extreme volatility of other coins.
- Tether has a market cap of over \$97.7 Billion.

2. [U.S. Dollar Coin \(USDC\)](#)

- Like Tether, USDC is a stablecoin, meaning it's backed by U.S. dollars and aims for a 1 USD to 1 USDC ratio. USDC is powered by Ethereum, and you can use USDC to complete global transactions.
- USDC has a market cap of over \$27.9 Billion.